

April 3, 1975

Senator Cavanaugh has so apply found in reading the bill that one of the big things is the word "specified" that is being stricken from the bill. I think that it is mandatory that the word be in the bill saying specified. I think that it is part of the person buying insurance that when he buys that insurance policy he should know what his loan will cost when and if he ever wants to make a loan on that policy. SEcondly the other reason that I voted against the bill was the change in interest rate. I understand the insurance companies position that they do have many, many dollars that are being usurped from their funds because people who actually own the insurance policies are borrowing against them, and it was specified in their policies that they could borrow at 5% and I don't blame them. I am with Senator Cavanaugh and I ask you to accept his indefinitely postpone motion.

PRESIDENT: Senator Dworak.

SENATOR DWORAK: Mr. President, I pass.

PRESIDENT: Senator Lewis, no, his light is off. Senator Warner.

SENATOR WARNER: Mr. President, just a word or two. I was disappointed also in Senator Cavanaugh's accusation that some improper influence was exerted on the committee, it is certainly not true and for one who quickly rises and becomes very upset with any remarks such as that on other committees I'm surprised that he would make the same accusation knowing that it is not true, at least to my knowledge it is not true and I'm sure that it is not. There are two things about this. I virtually have not supported, and will not support an increase in interest rates. There are a couple of things about this that need consideration. One is from what I understood of the testimony at least it is usually the small policyholder that is more apt to be hurt by this provision, as the law now stands than the large policy holder. It is my understanding that you more frequently find the large policyholder taking their money out and putting it in some other infestment which they can get a yield greater than what that 6% interest rate is, and this is true of a mutual company at least, and thereby reducing the return that the other policyholders could get on their policies. I would quite concur in a stock company that this might be a different story if the bill is not killed, I think that attention ought to be given to insuring that at least in a stock company case that the benefit of the higher interest rate goes to the higher earnings of the policy holders and not does not accrue to just the ownership or the stockholders of that kind of a company. The 8% still puts it below the usury rate and it seems to me that it has not been reasonable in this particular instance that some increase is allowed for these kinds of loans and certainly the word specified could be put back into the bill if that is a particular problem and I would certainly support such an effort.

PRESIDENT: Senator Stull.

SENATOR STULL: Mr. Presient, members of the legislature, I would like to ask Senator Stoney a couple of question.